

# Memorandum



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## Financial Services

To: Mayor and Council

From: Rich Oesterle, Financial Services Director (x8347)

Date: April 30, 2001

RE: Capital Improvements Program Follow-up

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### CRIMINAL JUSTICE CENTER

Attached, for Council consideration, are the revisions to the Capital Improvement Program which funds the North Tempe Multi-Generational Center in the first three years of the CIP and the Criminal Justice Center. Funding levels throughout the CIP for the Criminal Justice Center allows for the land purchases during the first two years, design the third year with construction beginning in 2005.

The sequencing of these projects is important as it becomes very problematic to expedite both projects simultaneously, especially given the construction schedule of the Performing Arts Center and the Cardinals' stadium.

The funding capacity for the Criminal Justice Center is derived through a variety of methods including eliminating some projects altogether, deleting project funding in certain years and cutting back on various project funding from years three through six, attempting to hold firm on project funding for projects in the first two years of the biennial budget. Restoring these projects to the budget would become a function of the economy and sales tax growth and will be revisited during the next biennial budget period. A stronger, rebounding economy may allow for the restoration of some of the projects while a prolonged, flattened economy may not provide the revenue stream to restore these projects.

Options are also provided that, if selected, could restore projects to funded status. Options for Council consideration are:

- ❶ Reduce all projects listed to provide funding for the Criminal Justice Center;
- ❷ Increase the City's property tax to \$1.40 and restore \$7.5 million in projects;
- ❸ Utilize the City's Rainy Day fund and restore up to \$8.0 million in projects; and
- ❹ Any combination of the above.

Staff seeks City Council direction on which option, or combination of options, to pursue.

### COUNTRY CLUB PEDESTRIAN BRIDGE

Finally, on a related CIP issue, staff has increased the budget for the Country Club Way Pedestrian Bridge by adding \$675,000 for noise and impact mediation in the third year of the budget (2003/04), allowing for a "turn-key" project.

Should you have any questions prior to the Issue Review Session, please feel free to contact me at 350-8347.

Attachments

Project Title	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Total
North Tempe Multi-Generational Center	1,000,000	3,680,000	1,620,000	0	0	0	6,300,000
Criminal Justice Center	900,000	900,000	1,600,000	8,000,000	8,000,000	4,000,000	23,400,000
<b>Total</b>	<b>1,900,000</b>	<b>4,580,000</b>	<b>3,220,000</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>4,000,000</b>	<b>29,700,000</b>

#### CRIMINAL JUSTICE CENTER FUNDING OPTIONS

##### Proposed CIP

Multi-Generational Center	2,000,000 – Reduces project funding to \$6.3 million
Communication Upgrade – PD	2,000,000 – Partial project funding eliminated
Apache Blvd Redevelopment	3,730,000 – Eliminates funding in years 3 through 6
6 <sup>th</sup> St. Park/ City Hall Parking	1,200,000 – Reduces funding to \$800,000
Affordable Housing Program	2,000,000 – Eliminates funding in years 3 through 6
Digital Network Enhancements	900,000 – Eliminates funding in years 3 through 6
Downtown Campus Remodeling	500,000 – Reduces project funding to \$1.5 million
Indoor Air Quality	} 800,000 – Eliminates funding in years 3 through 6
ADA Bldg Remodel	
Workplace security	
PeopleSoft-financials and HMRS	237,104 – Eliminates project
MCFCF in Rio Salado	2,575,000 – Changes project funding concept
U.S. Army Corp Project	800,000 – Maintains current funding only
Country Club RR Crossing	500,000 – Eliminates project
Bridge Maintenance	150,000 – Eliminates first year funding only
Various Street Landscaping	100,000 – Eliminates second year funding only
Minor Street Upgrades	280,000 – Eliminates program funding
Sidewalk Widening/Extensions	100,000 – Eliminates first year funding
SUB-TOTAL	17,872,104

##### Existing CIP Projects

Papago Park Redevelopment	345,585 – Eliminates project
Eisendrath Property	740,000 – Eliminates project
SUB-TOTAL	1,085,585

Currently budgeted 4,500,000

**Grand Total \$23,457,689**

Option 1: Fund Criminal Justice Center by reducing the above noted projects.

Option 2: Restore \$7.5 million of projects by restoring the property tax to \$1.40.

Option 3: Restore \$8 million of projects by utilizing the Rainy Day Fund, taking 3-5 years of year end surplus to replenish the Rainy Day Fund.

Option 4: Any combination of the above.

4/01

**Proposed Budget FY 2001/2002  
Tempe Convention & Visitors Bureau**

REVENUE	CURRENT BUDGET 2000/2001	BUDGET 2001/2002
 <b><u>PUBLIC SOURCE</u></b>		
City of Tempe Funding	\$ 783,448	\$ 853,369
City Interim Funding	<u>175,000</u>	
	\$ 958,448	<u>\$ 853,369</u>
 <b><u>PRIVATE SOURCES</u></b>		
Membership Income	\$ 100,000	100,000
Advertising Income	55,000	75,000
Consortium joint promotion	3,000	3,000
Promotional participation	35,000	35,000
Event hosting/FAM participation	7,500	7,500
Merchandise sales	500	-0-
Golf tournament	5,000	6,000
Interest income/Other income	<u>4,000</u>	<u>4,000</u>
	\$ 210,000	\$ 230,500
 TOTAL REVENUE (PUBLIC & PRIVATE)	 \$1,168,448	 \$ 1,083,869
 <b><u>IN-KIND SERVICE INCOME</u></b>		
AOT co-op	25,000	25,000
TIFS (E-Z Advertising)	23,546	20,000
Barter card	7,500	7,500
General	<u>70,000</u>	<u>70,000</u>
	\$ 126,046	\$ 122,500
 TOTAL REVENUE AND SUPPORT	 \$1,294,494	 \$ 1,206,369

EXPENSES	2000/2001	2001/2002
<b><u>PERSONNEL EXPENSE</u></b>		
Salaries	\$ 468,100	\$ 506,500
Outside services	7,960	5,000
Employee insurance	37,800	39,120
Payroll taxes	48,090	50,650
Employees retirement plan	15,100	20,000
	<u>\$ 577,050</u>	<u>\$ 621,270</u>
<b><u>DIRECT PROMOTION EXPENSE</u></b>		
Advertising/media placement	89,925	66,300
Branding	10,000	5,000
Consortium advertising	25,000	25,000
International trade representation	10,000	10,000
International advertising/marketing	11,000	7,000
Collateral material/advertising production	65,500	56,500
Sponsorship	1,000	-0-
Education and training (local)	7,000	4,000
Event hosting/FAM participation	8,000	2,500
Golf tournament	4,000	-0-
Consortium joint promotion	3,500	2,500
Local meetings, travel and board	15,000	6,000
Photography/slides	2,500	1,500
Promotional items	21,245	7,745
Telephone	2,500	2,500
Trade Shows	41,250	31,085
Travel and hospitality	25,375	18,475
<b>TOTAL</b>	<b>\$ 342,795</b>	<b>\$ 246,105</b>
<b><u>OTHER EXPENSES</u></b>		
Dues and publications	10,000	6,000
Research	7,000	5,000
Maintenance and repair	4,000	4,000
Computer support services	6,000	6,000
Website development	30,000	10,000
Website maintenance	2,350	1,350
Webhosting expense	1,200	1,200
General insurance	4,000	4,000
Auto allowance	10,000	10,000
Professional fees/accounting	8,281	8,244
Postage and shipping	21,000	16,000
Rent	71,772	76,700
Common area maintenance/storage	2,500	2,500
Equipment lease/purchase	22,500	22,500
Clipping service	1,000	1,000
Office supplies & expense	20,000	15,000
Bank charges	500	500
Telephone and fax	11,500	11,500
City lighting expense	15,000	15,000
<b>TOTAL</b>	<b>\$ 248,603</b>	<b>\$ 216,494</b>

<b>TOTAL</b>	<b>\$1,168,448</b>	<b>\$1,083,869</b>
<b><u>IN-KIND SERVICES EXPENSE</u></b>		
AOT co-op	25,000	25,000
TIFS (E-Z Advertising)	23,546	20,000
Barter card	7,500	7,500
General	70,000	70,000
<b>TOTAL</b>	<b>\$ 126,046</b>	<b>\$ 122,500</b>
<b>TOTAL EXPENSES</b>	<b>\$1,294,494</b>	<b>\$1,206,369</b>

**Tempe Convention and Visitors Bureau  
Year 1 Requests**

Priority/Description	Position(s)	FTE	Total Cost	Offset		Net Fiscal Effect	Non-	
				Expend.	Revenue		Recurring	Recurring
1 Enhanced Tourism Marketing			125,000			125,000		125,000
<b>Total-Tempe Convention &amp; Visitors Bureau</b>		<b>0.0</b>	<b>125,000</b>	<b>0</b>	<b>0</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>

**FY 2001-03 City of Tempe Operating Budget**  
**Supplemental Request for Personnel and/or Program Funding**

**FY 2001/02 Request** ☒

**FY 2002/03 Request** ☐

Department: Department Name Here  
 Division: Division Name Here **Tempe Convention & Visitors Bureau**  
 Cost Center: Supplemental Ranking: 1  
 Category: 1  
 Required Approval? ☐

Supplemental Title: Supplemental Title Here

New program? ☐ Expansion of current program? ☒ Reauthorize funding approved last year? ☐

**Strategic Issue Addressed by Supplemental Request (check all that apply):**

Basic Services ☐ Public Health and Safety ☐  
 Community and Economic Development ☐ Public Works and Transportation ☐  
 Finance and Human Resources ☐ Youth, Family, and Community Services ☐  
 Neighborhood Enhancement ☐

**What is the issue or concern addressed by this request?**

Tempe is experiencing increasing competition for tourism dollars from the other metropolitan Valley cities as well as from other nearby destinations (ie., Las Vegas). Bed Tax revenues (up 13.8% since 1997) have not kept pace with the increase in new rooms in Tempe (35%). In addition, Tempe's bed tax, at 2%, is the lowest of all the metro cities which results in Tempe having fewer marketing dollars to use for promotion of Tempe as a destination.

**What is the proposed solution to the issue/concern?**

One step toward improving our ability to compete in the marketplace is to increase the dollars the CVB has available to enhance its targeted marketing efforts. As outlined on the attached page, the CVB would use the additional \$125,000 to (1) further develop our website as a proactive marketing tool; (2) create and place ads targeted to meeting planners and associations in the high-tech, education, arts, and sports markets; (3) conduct research to test the results of our programs; and (4) to sponsor additional visits by travel writers to our area.

**What other alternatives or solutions were considered to address this issue/concern?**

Long term, the CVB is still interested in raising the bed tax in Tempe by at least 7/10 of one percent, with the total increase being dedicated to the Bureau for marketing. There are a number of reasons which have precluded us from proceeding at this time: (1) the very close vote in Tempe (25,469-yes: 24,207-no) on Proposition 302; (2) the cost of funding a special election if we were not able to tie on to another election; and (3) other City priorities, including the possibility of a recall election. Finally, the State has not yet determined how the funds raised from 302 will be allocated.

**If a new position is requested, what are the proposed job duties of the position?**

N/A

Position(s) requested (use HR position titles):	FT	PT (FTE)	Hourly Rate	Instructions for completing the FY 2001-03 budget forms, plus useful reference information can be obtained from the Budget Intranet homepage:  <a href="http://www1.tempe.gov/budget">www1.tempe.gov/budget</a>

Department Contact: Contact Name Here **Stephanie Nowak** Extension #: **480 894-**  
 ND 13 **8158**

# HOW WOULD ADDITIONAL DOLLARS BE USED TO MARKET TEMPE?

<b>TOTAL FUNDS</b>		<b>2001-2002 \$125,000</b>
<b>I.</b>	<b>WEBSITE PROMOTION</b>	<b>30,000</b>
	Enhance, promote, and develop TCVB Website as a proactive marketing tool:	
	--buy banner advertising	
	--target e-mail program to meeting planners, travel agents, tour operators	
	--enhance on-line booking for hotels & attractions	
	--add photographs	
	--develop Tempe "virtual tour"	
<b>II.</b>	<b>ADVERTISING</b>	<b>7,000</b>
	--Creation/production of ads (Golf/sports-specific; Mexico; meeting planners: general image; education/culture specific)	
	--Placement of ads	
	Golf magazines (Midwest)	10,000
	El Imparcial (Mexico)	5,000
	Convention Sales/meeting planners	20,000
	--Education	
	--Sports	
	--High Tech	
	--Arts/culture	
	Arizona Office of Tourism Matching Advertising	25,000
<b>III.</b>	<b>RESEARCH:</b>	<b>5,000</b>
	Conduct visitor profile survey at least once per year	
<b>IV.</b>	<b>FAMILIARIZATION (FAM) TRIPS</b>	<b>3,000</b>
	Sponsor travel writer and travel agent visits	
<b>V.</b>	<b>PROMOTIONAL ITEMS</b>	
<b>VI.</b>	<b>INTERNATIONAL:</b>	
	Create targeted personal call/ direct mail campaign	
	Mexico	5,000
	Canada	5,000
	Germany	5,000
	United Kingdom	<u>5,000</u>
<b>TOTAL</b>		<b>\$125,000</b>